

111TH CONGRESS
2D SESSION

H. R. 5013

To amend title 10, United States Code, to provide for performance management of the defense acquisition system, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 2010

Mr. ANDREWS (for himself, Mr. CONAWAY, Mr. SKELTON, Mr. McKEON, Mr. ELLSWORTH, Mr. COFFMAN of Colorado, and Mr. HUNTER) introduced the following bill; which was referred to the Committee on Armed Services, and in addition to the Committee on Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title 10, United States Code, to provide for performance management of the defense acquisition system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Implementing Manage-
5 ment for Performance and Related Reforms to Obtain
6 Value in Every Acquisition Act of 2010”.

1 **SEC. 2. TABLE OF CONTENTS.**

2 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definition of congressional defense committees.

TITLE I—DEFENSE ACQUISITION SYSTEM

- Sec. 101. Performance management of the defense acquisition system.
- Sec. 102. Meaningful consideration by Joint Requirements Oversight Council of input from certain officials.
- Sec. 103. Performance management for the Joint Capabilities Integration and Development System.
- Sec. 104. Establishment of a requirements process for the acquisition of services.
- Sec. 105. Joint evaluation task forces.
- Sec. 106. Review of defense acquisition guidance.
- Sec. 107. Requirement to include references to services contracting throughout the Federal Acquisition Regulation.

TITLE II—DEFENSE ACQUISITION WORKFORCE

- Sec. 201. Acquisition workforce excellence.
- Sec. 202. Amendments to the acquisition workforce demonstration project.
- Sec. 203. Incentive programs for civilian and military personnel in the acquisition workforce.
- Sec. 204. Career development for civilian and military personnel in the acquisition workforce.
- Sec. 205. Recertification and training requirements.
- Sec. 206. Information technology acquisition workforce.
- Sec. 207. Definition of acquisition workforce.

TITLE III—FINANCIAL MANAGEMENT

- Sec. 301. Incentives for achieving auditability.
- Sec. 302. Measures required after failure to achieve auditability.
- Sec. 303. Review of obligation and expenditure thresholds.

TITLE IV—INDUSTRIAL BASE

- Sec. 401. Expansion of the industrial base.
- Sec. 402. Commercial pricing analysis.
- Sec. 403. Contractor and grantee disclosure of delinquent Federal tax debts.
- Sec. 404. Independence of contractor business system reviews; risk-based reviews.

1 **SEC. 3. DEFINITION OF CONGRESSIONAL DEFENSE COM-**
 2 **MITTEES.**

3 In this Act, the term “congressional defense commit-
 4 tees” has the meaning given that term in section
 5 101(a)(16) of title 10, United States Code.

6 **TITLE I—DEFENSE ACQUISITION**
 7 **SYSTEM**

8 **SEC. 101. PERFORMANCE MANAGEMENT OF THE DEFENSE**
 9 **ACQUISITION SYSTEM.**

10 (a) IN GENERAL.—Part IV of title 10, United States
 11 Code, is amended by inserting after chapter 148 the fol-
 12 lowing new chapter:

13 **“CHAPTER 149—PERFORMANCE MANAGE-**
 14 **MENT OF THE DEFENSE ACQUISITION**
 15 **SYSTEM**

“2545. Performance assessment of the defense acquisition system.

“2546. Audits of performance assessment.

“2547. Use of performance assessments for managing performance.

“2548. Acquisition-related functions of the Chiefs of Staff of the Armed Forces.

16 **“§ 2545. Performance assessment of the defense ac-**
 17 **quisition system**

18 “(a) PERFORMANCE ASSESSMENTS REQUIRED.—(1)
 19 The Secretary of Defense shall ensure that all elements
 20 of the defense acquisition system are subject to regular
 21 performance assessments—

1 “(A) to determine the extent to which such ele-
2 ments deliver appropriate value to the Department
3 of Defense; and

4 “(B) to enable senior officials of the Depart-
5 ment of Defense to manage the elements of the de-
6 fense acquisition system to maximize their value to
7 the Department.

8 “(2) The performance of each element of the defense
9 acquisition system shall be assessed as needed, but not
10 less often than annually.

11 “(3) The Secretary shall ensure that the performance
12 assessments required by this subsection are appropriately
13 tailored to reflect the diverse nature of defense acquisition
14 so that the performance assessment of each element of the
15 defense acquisition system accurately reflects the work
16 performed by such element.

17 “(b) SYSTEMWIDE CATEGORIES.—(1) The Secretary
18 of Defense shall establish categories of metrics for the de-
19 fense acquisition system, including, at a minimum, cat-
20 egories relating to cost, quality, delivery, workforce, and
21 policy implementation that apply to all elements of the de-
22 fense acquisition system.

23 “(2) The Secretary of Defense shall issue guidance
24 for service acquisition executives within the Department
25 of Defense on the establishment of metrics, and goals and

1 standards relating to such metrics, within the categories
2 established by the Secretary under paragraph (1) to en-
3 sure that there is sufficient uniformity in performance as-
4 sessments across the defense acquisition system so that
5 elements of the defense acquisition system can be mean-
6 ingfully compared.

7 “(c) METRICS, GOALS, AND STANDARDS.—(1) Each
8 service acquisition executive of the Department of Defense
9 shall establish metrics to be used in the performance as-
10 sessments required by subsection (a) for each element of
11 the defense acquisition system for which such executive
12 is responsible within the categories established by the Sec-
13 retary under subsection (b). Such metrics shall be appro-
14 priately tailored pursuant to subsection (a)(3) and may
15 include measures of—

16 “(A) cost, quality, and delivery;

17 “(B) contractor performance;

18 “(C) workforce quality and program manager
19 tenure (where applicable);

20 “(D) the quality of market research;

21 “(E) appropriate use of integrated testing; and

22 “(F) appropriate consideration of long-term
23 sustainment.

24 “(2) Each service acquisition executive within the De-
25 partment of Defense shall establish goals and standards

1 (including, at a minimum, a threshold standard and an
2 objective goal) for each metric established under para-
3 graph (1) by the executive. In establishing the goals and
4 standards for an element of the defense acquisition sys-
5 tem, a service acquisition executive shall consult with the
6 element to the maximum extent practicable, but the serv-
7 ice acquisition executive shall retain the final authority to
8 determine the goals and standards established. The service
9 acquisition executive shall update the goals and standards
10 as necessary and appropriate consistent with the guidance
11 issued under subsection (b)(2).

12 “(3) The Under Secretary of Defense for Acquisition,
13 Technology, and Logistics shall periodically review the
14 metrics, goals, and standards established by service acqui-
15 sition executives under this subsection to ensure that they
16 are consistent with the guidance issued under subsection
17 (b)(2).

18 “(d) RESPONSIBILITY FOR OVERSIGHT AND DIREC-
19 TION OF PERFORMANCE ASSESSMENTS.—(1) Perform-
20 ance assessments required by subsection (a) shall either
21 be carried out by, or shall be subject to the oversight of,
22 the Director of the Office of Performance Assessment and
23 Root Cause Analysis. The authority and responsibility
24 granted by this subsection is in addition to any other au-
25 thority or responsibility granted to the Director of the Of-

1 fice of Performance Assessment and Root Cause Analysis
 2 by the Secretary of Defense or by any other provision of
 3 law. In the performance of duties pursuant to this section,
 4 the Director of the Office of Performance Assessment and
 5 Root Cause analysis shall coordinate with the Deputy
 6 Chief Management Officer to ensure that performance as-
 7 sessments carried out pursuant to this section are con-
 8 sistent with the performance management initiatives of
 9 the Department of Defense.

10 “(2) A performance assessment may be carried out
 11 by an organization under the control of the service acquisi-
 12 tion executive of a military department if—

13 “(A) the assessment fulfills the requirements of
 14 subsection (a);

15 “(B) the organization is approved to carry out
 16 the assessment by the Director of the Office of Per-
 17 formance Assessment and Root Cause Analysis; and

18 “(C) the assessment is subject to the oversight
 19 of the Director of the Office of Performance Assess-
 20 ment and Root Cause Analysis in accordance with
 21 paragraph (1).

22 “(e) RETENTION AND ACCESS TO RECORDS OF PER-
 23 FORMANCE ASSESSMENTS WITHIN THE MILITARY DE-
 24 PARTMENTS AND DEFENSE AGENCIES.—The Secretary of
 25 Defense shall ensure that information from performance

1 assessments of all elements of the defense acquisition sys-
2 tem are retained electronically and that the Director of
3 the Office of Performance Assessment and Root Cause
4 Analysis—

5 “(1) promptly receives the results of all per-
6 formance assessments conducted by an organization
7 under the control of the service acquisition executive
8 of a military department; and

9 “(2) has timely access to any records and data
10 in the Department of Defense (including the records
11 and data of each military department and Defense
12 Agency and including classified and proprietary in-
13 formation) that the Director considers necessary to
14 review in order to perform or oversee performance
15 assessments pursuant to this section.

16 “(f) DEFINITIONS.—In this section:

17 “(1) The term ‘defense acquisition system’
18 means the acquisition workforce; the process by
19 which the Department of Defense manages the ac-
20 quisition of goods and services, including weapon
21 systems, commodities, commercial and military
22 unique services, and information technology; and the
23 management structure for carrying out the acquisi-
24 tion function within the Department of Defense.

1 “(2) The term ‘element of the defense acquisi-
2 tion system’ means an organization that operates
3 within the defense acquisition system and that fo-
4 cuses primarily on acquisition.

5 “(3) The term ‘metric’ means a specific meas-
6 ure that serves as a basis for comparison.

7 “(4) The term ‘threshold performance standard’
8 means the minimum acceptable level of performance
9 in relation to a metric.

10 “(5) The term ‘objective performance goal’
11 means the most desired level of performance in rela-
12 tion to a metric.

13 “(6) The term ‘Office of Performance Assess-
14 ment and Root Cause Analysis’ means the office re-
15 porting to the senior official designated by the Sec-
16 retary of Defense under section 103(a) of the Weap-
17 on Systems Acquisition Reform Act of 2009 (Public
18 Law 111–23, 10 U.S.C. 2430 note).

19 **“§ 2546. Audits of performance assessment**

20 “(a) AUDITS REQUIRED.—The Secretary of Defense
21 shall ensure that the performance assessments of the de-
22 fense acquisition system required by section 2545 of this
23 title are subject to periodic audits to determine the accu-
24 racy, reliability, and completeness of such assessments.

1 “(b) STANDARDS AND APPROACH.—In performing
2 the audits required by subsection (a), the Secretary shall
3 ensure that such audits—

4 “(1) comply with generally accepted government
5 auditing standards issued by the Comptroller Gen-
6 eral;

7 “(2) use a risk-based approach to audit plan-
8 ning; and

9 “(3) appropriately account for issues associated
10 with auditing assessments of activities occurring in
11 a contingency operation.

12 **“§ 2547. Use of performance assessments for man-**
13 **aging performance**

14 “(a) IN GENERAL.—The Secretary of Defense shall
15 ensure that the results of performance assessments are
16 used in the management of elements of the defense acqui-
17 sition system through direct linkages between the results
18 of a performance assessment and the following:

19 “(1) The size of the bonus pool available to the
20 workforce of an element of the defense acquisition
21 system.

22 “(2) Rates of promotion in the workforce of an
23 element of the defense acquisition system.

24 “(3) Awards for acquisition excellence.

1 “(4) The scope of work assigned to an element
2 of the defense acquisition system.

3 “(b) ADDITIONAL REQUIREMENTS.—The Secretary
4 of Defense shall ensure that actions taken to manage the
5 acquisition workforce pursuant to subsection (a) are un-
6 dertaken in accordance with the requirements of sub-
7 sections (c) and (d) of section 1701a of this title.

8 **“§ 2548. Acquisition-related functions of the Chiefs of**
9 **Staff of the Armed Forces**

10 “The Secretary of Defense shall ensure, notwith-
11 standing section 3014(c)(1)(A), section 5014(c)(1)(A),
12 and section 8014(c)(1)(A) of this title, that the Chief of
13 Staff of the Army, the Chief of Naval Operations, the
14 Chief of Staff of the Air Force, and the Commandant of
15 the Marine Corps assist the Secretary of the military de-
16 partment concerned in the performance of the following
17 acquisition-related functions of such department:

18 “(1) The development of requirements relating
19 to the defense acquisition system.

20 “(2) The development of measures to control
21 requirements creep in the defense acquisition sys-
22 tem.

23 “(3) The development of career paths in acqui-
24 sition for military personnel (as required by section
25 1722a of this title).

1 “(4) The assignment and training of con-
 2 tracting officer representatives when such represent-
 3 atives are required to be members of the armed
 4 forces because of the nature of the contract con-
 5 cerned.”.

6 (b) PHASED IMPLEMENTATION OF PERFORMANCE
 7 ASSESSMENTS.—The Secretary of Defense shall imple-
 8 ment the requirements of chapter 149 of title 10, United
 9 States Code, as added by subsection (a), in a phased man-
 10 ner while guidance is issued, and categories, metrics,
 11 goals, and standards are established. Implementation shall
 12 begin with a cross section of elements of the defense acqui-
 13 sition system representative of the entire system and shall
 14 be completed for all elements not later than two years
 15 after the date of the enactment of this Act.

16 **SEC. 102. MEANINGFUL CONSIDERATION BY JOINT RE-**
 17 **QUIREMENTS OVERSIGHT COUNCIL OF**
 18 **INPUT FROM CERTAIN OFFICIALS.**

19 Paragraph (2) of section 105(e) of the Weapon Sys-
 20 tem Acquisition Reform Act of 2009 (Public Law 111–
 21 23) is amended to read as follows:

22 “(2) MATTERS COVERED.—The report shall in-
 23 clude, at a minimum, an assessment of—

24 “(A) the extent to which the Council has
 25 effectively sought, and the commanders of the

1 combatant commands have provided, meaning-
2 ful input on proposed joint military require-
3 ments;

4 “(B) the extent to which the Council has
5 meaningfully considered the input and expertise
6 of the Under Secretary of Defense for Acquisi-
7 tion, Technology, and Logistics in its discus-
8 sions;

9 “(C) the extent to which the Council has
10 meaningfully considered the input and expertise
11 of the Director of Cost Assessment and Pro-
12 gram Evaluation in its discussions;

13 “(D) the quality and effectiveness of ef-
14 forts to estimate the level of resources needed
15 to fulfill joint military requirements; and

16 “(E) the extent to which the Council has
17 considered trade-offs among cost, schedule, and
18 performance objectives.”.

19 **SEC. 103. PERFORMANCE MANAGEMENT FOR THE JOINT**
20 **CAPABILITIES INTEGRATION AND DEVELOP-**
21 **MENT SYSTEM.**

22 (a) REQUIREMENT FOR PROGRAM.—The Secretary of
23 Defense shall ensure that the Department of Defense de-
24 velops and implements a program to manage performance

1 in establishing joint military requirements pursuant to
2 section 181 of title 10, United States Code.

3 (b) LEADERS.—The Secretary of Defense shall des-
4 ignate an officer identified or designated as a joint quali-
5 fied officer to serve as leader of a joint effort to develop
6 the performance management program required by sub-
7 section (a). The Secretary shall also designate an officer
8 from each Armed Force to serve as leader of the effort
9 within the Armed Force concerned. Officers designated
10 pursuant to this section shall have the seniority and au-
11 thority necessary to oversee and direct all personnel en-
12 gaged in establishing joint military requirements within
13 the Joint Staff or within the Armed Force concerned.

14 (c) MATTERS COVERED.—The program developed
15 pursuant to subsection (a) shall:

16 (1) Measure the following in relation to each
17 joint military requirement:

18 (A) The time a requirements document
19 takes to receive validation through the require-
20 ments process.

21 (B) The quality of cost information associ-
22 ated with the requirement and the extent to
23 which cost information was considered during
24 the requirements process.

1 (C) The extent to which the requirements
2 process established a meaningful level of pri-
3 ority for the requirement.

4 (D) The extent to which the requirements
5 process considered trade-offs between cost,
6 schedule, and performance objectives.

7 (E) The quality of information on
8 sustainment associated with the requirement
9 and the extent to which sustainment informa-
10 tion was considered during the requirements
11 process.

12 (F) Such other matters as the Secretary
13 shall determine appropriate.

14 (2) Achieve, to the maximum extent practicable,
15 the following outcomes in the requirements process:

16 (A) Timeliness in delivering capability to
17 the warfighter.

18 (B) Mechanisms for controlling require-
19 ments creep.

20 (C) Responsiveness to fact-of-life changes
21 occurring after the approval of a requirements
22 document, including changes to the threat envi-
23 ronment, the emergence of new capabilities, or
24 changes in the resources estimated to procure
25 or sustain a capability.

1 (D) The development of the personnel
2 skills, capacity, and training needed for an ef-
3 fective and efficient requirements process.

4 (E) Such other outcomes as the Secretary
5 shall determine appropriate.

6 (d) IMPLEMENTATION.—The program required by
7 subsection (a) shall be developed and initially implemented
8 not later than one year after the date of the enactment
9 of this Act and shall apply to joint military requirements
10 entering the requirements process after the date of initial
11 implementation.

12 (e) INITIAL REPORT.—Not later than 90 days after
13 the initial implementation of the program required by sub-
14 section (a), the Secretary shall submit to the congressional
15 defense committees a report on the steps taken to develop
16 and implement the performance management program for
17 joint military requirements. The report shall address the
18 measures specified in subsection (c)(1).

19 (f) FINAL REPORT.—Not later than four years after
20 the initial implementation of the program required by sub-
21 section (a), the Secretary shall submit to the congressional
22 defense committees a report on the effectiveness of the
23 program for joint military requirements in achieving the
24 outcomes specified in subsection (c)(2).

25 (g) DEFINITIONS.—In this section:

1 (1) REQUIREMENTS PROCESS.—The term “re-
2 requirements process” means the Joint Capabilities
3 Integration and Development System (JCIDS) proc-
4 ess or any successor to such process established by
5 the Chairman of the Joint Chiefs of Staff to support
6 the statutory responsibility of the Joint Require-
7 ments Oversight Council in advising the Chairman
8 and the Secretary of Defense in identifying, assess-
9 ing, and validating joint military capability needs,
10 with their associated operational performance cri-
11 teria, in order to successfully execute missions.

12 (2) REQUIREMENTS DOCUMENT.—The term
13 “requirements document” means a document pro-
14 duced in the requirements process that is provided
15 for an acquisition program to guide the subsequent
16 development, production, and testing of the program
17 and that—

18 (A) justifies the need for a materiel ap-
19 proach, or an approach that is a combination of
20 materiel and non-materiel, to satisfy one or
21 more specific capability gaps;

22 (B) details the information necessary to
23 develop an increment of militarily useful,
24 logistically supportable, and technically mature

1 capability, including key performance param-
2 eters; or

3 (C) identifies production attributes re-
4 quired for a single increment of a program.

5 (3) REQUIREMENTS CREEP.—The term “re-
6 quirements creep” means the addition of new tech-
7 nical or operational specifications after a require-
8 ments document is approved.

9 (h) DISCRETIONARY IMPLEMENTATION AFTER 5
10 YEARS.—After the date that is five years after the initial
11 implementation of the performance management program
12 under this section, the requirement to implement a pro-
13 gram under this section shall be at the discretion of the
14 Secretary of Defense.

15 **SEC. 104. ESTABLISHMENT OF A REQUIREMENTS PROCESS**
16 **FOR THE ACQUISITION OF SERVICES.**

17 (a) REQUIREMENTS PROCESS REQUIRED.—The Sec-
18 retary of Defense shall ensure that each military depart-
19 ment establishes a process for identifying, assessing, and
20 approving requirements for the acquisition of services, and
21 that commanders of unified combatant commands and
22 other officers identified or designated as joint qualified of-
23 ficers have an opportunity to participate in the process
24 of each military department to provide input on joint re-
25 quirements for the acquisition of services.

1 (b) GUIDANCE AND PLAN REQUIRED.—The Chief of
2 Staff of the Army, the Chief of Naval Operations, the
3 Chief of Staff of the Air Force, and the Commandant of
4 the Marine Corps shall—

5 (1) issue and maintain guidance relating to the
6 requirements process required by subsection (a); and

7 (2) develop a plan to implement the require-
8 ments process required by subsection (a).

9 (c) MATTERS REQUIRED IN GUIDANCE.—The guid-
10 ance required under subsection (b) shall establish, in rela-
11 tion to the requirements process for the acquisition of
12 services, the following:

13 (1) Organization of the requirements process.

14 (2) The level of command responsibility re-
15 quired for identifying and validating requirements in
16 accordance with the categories established under sec-
17 tion 2330(a)(1)(C) of title 10, United States Code.

18 (3) The composition of billets necessary to oper-
19 ate the requirements process.

20 (4) The training required for personnel engaged
21 in the requirements process.

22 (5) The relationship between doctrine and the
23 requirements process.

24 (6) Methods of obtaining input on joint require-
25 ments.

1 (7) Procedures for coordinating with the acqui-
2 sition process.

3 (8) Considerations relating to opportunities for
4 strategic sourcing.

5 (d) MATTERS REQUIRED IN IMPLEMENTATION
6 PLAN.—The plan required under subsection (b) shall pro-
7 vide for initial implementation of a requirements process
8 not later than 180 days after the date of the enactment
9 of this Act and shall provide for full implementation of
10 the process at the earliest date practicable.

11 (e) CONSISTENCY WITH JOINT GUIDANCE.—When-
12 ever, at any time, guidance is issued by the Joint Staff
13 relating to the acquisition of services, each requirements
14 process established pursuant to subsection (a) shall be re-
15 vised in accordance with the requirements of such joint
16 guidance.

17 **SEC. 105. JOINT EVALUATION TASK FORCES.**

18 (a) TASK FORCES REQUIRED.—For each joint mili-
19 tary requirement involving a materiel solution for which
20 the Chairman of the Joint Requirements Oversight Coun-
21 cil is the validation authority, the Chairman shall des-
22 ignate a commander of a unified combatant command to
23 provide a joint evaluation task force to assist in the acqui-
24 sition of the materiel solution. Such task force shall—

1 (1) come from a military unit or units des-
2 ignated by the combatant commander concerned;

3 (2) be selected based on the relevance of the
4 materiel solution to the mission of the unit; and

5 (3) participate consistent with its operational
6 obligations.

7 (b) RESPONSIBILITIES.—A task force provided pur-
8 suant to subsection (a) shall participate in all stages of
9 the development and low rate initial production of the ma-
10 teriel solution, including—

11 (1) providing input to the analysis of alter-
12 natives;

13 (2) participating in testing (including limited
14 user tests and prototype testing);

15 (3) providing input on a concept of operations
16 and doctrine;

17 (4) providing end user feedback to the resource
18 sponsor; and

19 (5) participating in any alteration of the re-
20 quirement for such solution.

21 (c) ADMINISTRATIVE SUPPORT.—The resource spon-
22 sor for the joint military requirement shall provide admin-
23 istrative support to the joint evaluation task force for pur-
24 poses of carrying out this section.

25 (d) DEFINITIONS.—In this section:

1 (1) RESOURCE SPONSOR.—The term “resource
2 sponsor” means the organization responsible for all
3 common documentation, periodic reporting, and
4 funding actions required to support the capabilities
5 development and acquisition process for the materiel
6 solution.

7 (2) MATERIEL SOLUTION.—The term “materiel
8 solution” means the development, acquisition, pro-
9 curement, or fielding of a new item, or of a modi-
10 fication to an existing item, necessary to equip, oper-
11 ate, maintain, and support military activities.

12 **SEC. 106. REVIEW OF DEFENSE ACQUISITION GUIDANCE.**

13 (a) REVIEW OF GUIDANCE.—The Secretary of De-
14 fense shall review the acquisition guidance of the Depart-
15 ment of Defense, including, at a minimum, the guidance
16 contained in Department of Defense Instruction 5000.02
17 entitled “Operation of the Defense Acquisition System”.

18 (b) MATTERS CONSIDERED.—The review performed
19 under subsection (a) shall consider—

20 (1) the extent to which it is appropriate to
21 apply guidance relating to the acquisition of weapon
22 systems to acquisitions not involving weapon systems
23 (including the acquisition of commercial goods and
24 commodities, commercial and military unique serv-
25 ices, and information technology);

1 (2) whether long-term sustainment of weapon
2 systems is appropriately emphasized;

3 (3) whether appropriate mechanisms exist to
4 communicate information relating to the mission
5 needs of the Department of Defense to the industrial
6 base in a way that allows the industrial base to
7 make appropriate investments in infrastructure, ca-
8 pacity, and technology development to help meet
9 such needs;

10 (4) the extent to which earned value manage-
11 ment should be required on acquisitions not involv-
12 ing the acquisition of weapon systems;

13 (5) the extent to which it is appropriate to
14 apply processes primarily relating to the acquisition
15 of weapon systems to the acquisition of information
16 technology systems, consistent with the requirement
17 to develop an alternative process for such systems
18 contained in section 804 of the National Defense
19 Authorization Act for Fiscal Year 2010 (Public Law
20 111–84; 123 Stat. 2401; 10 U.S.C. 2225 note); and

21 (6) such other matters as the Secretary con-
22 siders appropriate.

23 (c) REPORT.—Not later than 270 days after the date
24 of the enactment of this Act, the Secretary of Defense
25 shall submit to the Committees on Armed Services of the

1 Senate and of the House of Representatives a report de-
2 tailing any changes in the acquisition guidance of the De-
3 partment of Defense identified during the review required
4 by subsection (a), and any actions taken, or planned to
5 be taken, to implement such changes.

6 **SEC. 107. REQUIREMENT TO INCLUDE REFERENCES TO**
7 **SERVICES CONTRACTING THROUGHOUT THE**
8 **FEDERAL ACQUISITION REGULATION.**

9 (a) FINDINGS.—Congress finds the following:

10 (1) The acquisition of services can be extremely
11 complex, and program management skills, tools, and
12 processes need to be applied to services acquisitions.

13 (2) An emphasis on the concept of “services”
14 throughout the Federal Acquisition Regulation
15 would enhance and support the procurement and
16 project management community in all aspects of the
17 acquisition planning process, including requirements
18 development, assessment of reasonableness, and
19 post-award management and oversight.

20 (b) REQUIREMENT FOR CHANGES TO FAR.—The
21 Federal Acquisition Regulation shall be revised to provide,
22 throughout the Regulation, appropriate references to serv-
23 ices contracting that are in addition to references provided
24 in part 37 (which relates specifically to services con-
25 tracting).

1 (c) DEADLINE.—This section shall be carried out
2 within 270 days after the date of the enactment of this
3 Act.

4 **TITLE II—DEFENSE**
5 **ACQUISITION WORKFORCE**

6 **SEC. 201. ACQUISITION WORKFORCE EXCELLENCE.**

7 (a) IN GENERAL.—

8 (1) ACQUISITION WORKFORCE EXCELLENCE.—

9 Subchapter I of chapter 87 of title 10, United States
10 Code, is amended by inserting after section 1701 the
11 following new section:

12 **“§ 1701a. Management for acquisition workforce ex-**
13 **cellence**

14 “(a) PURPOSE.—The purpose of this chapter is to re-
15 quire the Department of Defense to develop and manage
16 a highly skilled professional acquisition workforce—

17 “(1) in which excellence and contribution to
18 mission is rewarded;

19 “(2) which has the technical expertise and busi-
20 ness skills to ensure the Department receives the
21 best value for the expenditure of public resources;

22 “(3) which serves as a model for performance
23 management of employees of the Department; and

24 “(4) which is managed in a manner that com-
25 plements and reinforces the performance manage-

1 ment of the defense acquisition system pursuant to
2 chapter 149 of this title.

3 “(b) PERFORMANCE MANAGEMENT.—In order to
4 achieve the purpose set forth in subsection (a), the Sec-
5 retary of Defense shall—

6 “(1) use the full authorities provided in sub-
7 sections (a) through (d) of section 9902 of title 5,
8 including flexibilities related to performance manage-
9 ment and hiring and to training of managers;

10 “(2) require managers to develop performance
11 plans for individual members of the acquisition
12 workforce in order to give members an under-
13 standing of how their performance contributes to
14 their organization’s mission and the success of the
15 defense acquisition system (as defined in section
16 2545 of this title);

17 “(3) to the extent appropriate, use the lessons
18 learned from the acquisition demonstration project
19 carried out under section 1762 of this title related
20 to contribution-based compensation and appraisal,
21 and how those lessons may be applied within the
22 General Schedule system;

23 “(4) develop attractive career paths;

24 “(5) encourage continuing education and train-
25 ing;

1 “(6) develop appropriate procedures for warn-
2 ings during performance evaluations and due process
3 for members of the acquisition workforce who con-
4 sistently fail to meet performance standards;

5 “(7) take full advantage of the Defense Civilian
6 Leadership Program established under section 1112
7 of the National Defense Authorization Act for Fiscal
8 Year 2010, (Public Law 111–84; 123 Stat. 2496; 10
9 U.S.C. 1580 note prec.);

10 “(8) use the authorities for highly qualified ex-
11 perts under section 9903 of title 5, United States
12 Code, to hire experts who are skilled acquisition pro-
13 fessionals to—

14 “(A) serve in leadership positions within
15 the acquisition workforce to strengthen manage-
16 ment and oversight;

17 “(B) provide mentors to advise individuals
18 within the acquisition workforce on their career
19 paths and opportunities to advance and excel
20 within the acquisition workforce; and

21 “(C) assist with the design of education
22 and training courses and the training of indi-
23 viduals in the acquisition workforce; and

1 “(9) use the authorities for expedited security
2 clearance processing pursuant to section 1564 of
3 title 10, United States Code.

4 “(c) NEGOTIATIONS.—Any action taken by the Sec-
5 retary under this section, or to implement this section,
6 shall be subject to the requirements of chapter 71 of title
7 5.

8 “(d) REGULATIONS.—Any rules or regulations pre-
9 scribed pursuant to this section shall be deemed an agency
10 rule or regulation under section 7117(a)(2) of title 5, and
11 shall not be deemed a Government-wide rule or regulation
12 under section 7117(a)(1) of such title.”.

13 (2) CLERICAL AMENDMENT.—The table of sec-
14 tions at the beginning of such subchapter is amend-
15 ed by inserting after the item relating to section
16 1701 the following new item:

“1701a. Management for acquisition workforce excellence.”.

17 (b) AUTHORITY TO APPOINT HIGHLY QUALIFIED
18 EXPERTS ON PART-TIME BASIS.—Section 9903(b)(1) of
19 title 5, United States Code, is amended by inserting “,
20 on a full-time or part-time basis,” after “positions in the
21 Department of Defense”.

22 **SEC. 202. AMENDMENTS TO THE ACQUISITION WORKFORCE**
23 **DEMONSTRATION PROJECT.**

24 (a) CODIFICATION INTO TITLE 10.—

1 (1) IN GENERAL.—Chapter 87 of title 10,
2 United States Code, is amended by inserting after
3 section 1761 the following new section:

4 **“§ 1762. Demonstration project relating to certain ac-**
5 **quisition personnel management policies**
6 **and procedures**

7 “(a) COMMENCEMENT.—The Secretary of Defense is
8 encouraged to carry out a demonstration project, the pur-
9 pose of which is to determine the feasibility or desirability
10 of one or more proposals for improving the personnel man-
11 agement policies or procedures that apply with respect to
12 the acquisition workforce of the Department of Defense
13 and supporting personnel assigned to work directly with
14 the acquisition workforce.

15 “(b) TERMS AND CONDITIONS.—(1) Except as other-
16 wise provided in this subsection, any demonstration
17 project described in subsection (a) shall be subject to sec-
18 tion 4703 of title 5 and all other provisions of such title
19 that apply with respect to any demonstration project
20 under such section.

21 “(2) Subject to paragraph (3), in applying section
22 4703 of title 5 with respect to a demonstration project
23 described in subsection (a)—

24 “(A) ‘180 days’ in subsection (b)(4) of such
25 section shall be deemed to read ‘120 days’;

1 “(B) ‘90 days’ in subsection (b)(6) of such sec-
2 tion shall be deemed to read ‘30 days’; and

3 “(C) subsection (d)(1) of such section shall be
4 disregarded.

5 “(3) Paragraph (2) shall not apply with respect to
6 a demonstration project unless—

7 “(A) for each organization or team partici-
8 pating in the demonstration project—

9 “(i) at least one-third of the workforce par-
10 ticipating in the demonstration project consists
11 of members of the acquisition workforce; and

12 “(ii) at least two-thirds of the workforce
13 participating in the demonstration project con-
14 sists of members of the acquisition workforce
15 and supporting personnel assigned to work di-
16 rectly with the acquisition workforce; and

17 “(B) the demonstration project commences be-
18 fore October 1, 2007.

19 “(c) LIMITATION ON NUMBER OF PARTICIPANTS.—
20 The total number of persons who may participate in the
21 demonstration project under this section may not exceed
22 120,000.

23 “(d) EFFECT OF REORGANIZATIONS.—The applica-
24 bility of paragraph (2) of subsection (b) to an organization
25 or team shall not terminate by reason that the organiza-

1 tion or team, after having satisfied the conditions in para-
2 graph (3) of such subsection when it began to participate
3 in a demonstration project under this section, ceases to
4 meet one or both of the conditions set forth in subpara-
5 graph (A) of such paragraph (3) as a result of a reorga-
6 nization, restructuring, realignment, consolidation, or
7 other organizational change.

8 “(e) ASSESSMENT.—(1) The Secretary of Defense
9 shall designate an independent organization to review the
10 acquisition workforce demonstration project described in
11 subsection (a).

12 “(2) Such assessment shall include:

13 “(A) A description of the workforce included in
14 the project.

15 “(B) An explanation of the flexibilities used in
16 the project to appoint individuals to the acquisition
17 workforce and whether those appointments are based
18 on competitive procedures and recognize veteran’s
19 preferences.

20 “(C) An explanation of the flexibilities used in
21 the project to develop a performance appraisal sys-
22 tem that recognizes excellence in performance and
23 offers opportunities for improvement.

1 “(D) The steps taken to ensure that such sys-
2 tem is fair and transparent for all employees in the
3 project.

4 “(E) How the project allows the organization to
5 better meet mission needs.

6 “(F) An analysis of how the flexibilities in sub-
7 paragraphs (B) and (C) are used, and what barriers
8 have been encountered that inhibit their use.

9 “(G) Whether there is a process for (i) ensuring
10 ongoing performance feedback and dialogue among
11 supervisors, managers, and employees throughout
12 the performance appraisal period, and (ii) setting
13 timetables for performance appraisals.

14 “(H) The project’s impact on career progres-
15 sion.

16 “(I) The project’s appropriateness or inappro-
17 priateness in light of the complexities of the work-
18 force affected.

19 “(J) The project’s sufficiency in terms of pro-
20 viding protections for diversity in promotion and re-
21 tention of personnel.

22 “(K) The adequacy of the training, policy
23 guidelines, and other preparations afforded in con-
24 nection with using the project.

1 “(L) Whether there is a process for ensuring
2 employee involvement in the development and im-
3 provement of the project.

4 “(3) The first such assessment under this subsection
5 shall be completed not later than September 30, 2011, and
6 subsequent assessments shall be completed every two
7 years thereafter until the termination of the project. The
8 Secretary shall submit to the covered congressional com-
9 mittees a copy of the assessment within 30 days after re-
10 ceipt by the Secretary of the assessment.

11 “(f) COVERED CONGRESSIONAL COMMITTEES.—In
12 this section, the term ‘covered congressional committees’
13 means—

14 “(1) the Committees on Armed Services of the
15 Senate and the House of Representatives;

16 “(2) the Committee on Homeland Security and
17 Governmental Affairs of the Senate; and

18 “(3) the Committee on Oversight and Govern-
19 ment Reform of the House of Representatives.

20 “(g) TERMINATION OF AUTHORITY.—The authority
21 to conduct a demonstration program under this section
22 shall terminate on September 30, 2017.

23 “(h) CONVERSION.—Within six months after the au-
24 thority to conduct a demonstration project under this sec-
25 tion is terminated as provided in subsection (i), employees

1 in the project shall convert to the civilian personnel system
 2 created pursuant to section 9902 of title 5, United States
 3 Code.”.

4 (2) CLERICAL AMENDMENT.—The table of sec-
 5 tions at the beginning of subchapter V of chapter 87
 6 of title 10, United States Code, is amended by in-
 7 serting after the item relating to section 1761 the
 8 following new item:

“1762. Demonstration project relating to certain acquisition personnel manage-
 ment policies and procedures.”.

9 (b) CONFORMING REPEAL.—Section 4308 of the Na-
 10 tional Defense Authorization Act for Fiscal Year 1996
 11 (Public Law 104–106; 10 U.S.C. 1701 note) is repealed.

12 **SEC. 203. INCENTIVE PROGRAMS FOR CIVILIAN AND MILI-**
 13 **TARY PERSONNEL IN THE ACQUISITION**
 14 **WORKFORCE.**

15 (a) IN GENERAL.—Chapter 87 of title 10, United
 16 States Code, is amended by inserting after section 1762,
 17 as added by section 202, the following new section:

18 **“§ 1763. Incentive programs for civilian and military**
 19 **personnel in the acquisition workforce**

20 **“(a) CIVILIAN ACQUISITION WORKFORCE INCEN-**
 21 **TIVES.—**The Secretary of Defense, acting through the
 22 Under Secretary of Defense for Acquisition, Technology,
 23 and Logistics, shall provide for an enhanced system of in-
 24 centives for the encouragement of excellence in the acqui-

1 sition workforce by providing rewards for employees who
2 contribute to achieving the agency's performance goals.
3 The system of incentives shall include provisions that—

4 “(1) relate salary increases, bonuses, and
5 awards to performance and contribution to the agen-
6 cy mission (including the extent to which the per-
7 formance of personnel in such workforce contributes
8 to achieving the goals and standards established for
9 acquisition programs pursuant to section 2545 of
10 this title;

11 “(2) provide for consideration, in personnel
12 evaluations and promotion decisions, of the extent to
13 which the performance of personnel in such work-
14 force contributes to achieving such goals and stand-
15 ards;

16 “(3) use the Department of Defense Civilian
17 Workforce Incentives Fund established pursuant to
18 section 9902(a) of title 5; and

19 “(4) provide opportunities for career broad-
20 ening experiences for high performers.

21 “(b) MILITARY ACQUISITION WORKFORCE INCEN-
22 TIVES.—The Secretaries of the military departments shall
23 fully use and enhance incentive programs that reward in-
24 dividuals, through recognition certificates or cash awards,
25 for suggestions of process improvements that contribute

1 to improvements in efficiency and economy and a better
2 way of doing business.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 at the beginning of subchapter V of chapter 87 of title
5 10, United States Code, is amended by inserting after the
6 item relating to section 1762, as added by section 202,
7 the following new item:

“1763. Incentive programs for civilian and military personnel in the acquisition
workforce.”.

8 **SEC. 204. CAREER DEVELOPMENT FOR CIVILIAN AND MILI-**
9 **TARY PERSONNEL IN THE ACQUISITION**
10 **WORKFORCE.**

11 (a) CAREER PATHS.—

12 (1) AMENDMENT.—Chapter 87 of title 10,
13 United States Code, is amended by inserting after
14 section 1722a the following new section:

15 **“§ 1722b. Special requirements for civilian employees**
16 **in the acquisition field**

17 “(a) REQUIREMENT FOR POLICY AND GUIDANCE RE-
18 GARDING CIVILIAN PERSONNEL IN ACQUISITION.—The
19 Secretary of Defense, acting through the Under Secretary
20 of Defense for Acquisition, Technology, and Logistics,
21 shall establish policies and issue guidance to ensure the
22 proper development, assignment, and employment of civil-
23 ian members of the acquisition workforce to achieve the
24 objectives specified in subsection (b).

1 “(b) OBJECTIVES.—Policies established and guidance
2 issued pursuant to subsection (a) shall ensure, at a min-
3 imum, the following:

4 “(1) A career path in the acquisition field that
5 attracts the highest quality civilian personnel, from
6 either within or outside the Federal Government.

7 “(2) A deliberate workforce development strat-
8 egy that increases attainment of key experiences
9 that contribute to a highly qualified acquisition
10 workforce.

11 “(3) Sufficient opportunities for promotion and
12 advancement in the acquisition field.

13 “(4) A sufficient number of qualified, trained
14 members eligible for and active in the acquisition
15 field to ensure adequate capacity, capability, and ef-
16 fective succession for acquisition functions, including
17 contingency contracting, of the Department of De-
18 fense.

19 “(c) INCLUSION OF INFORMATION IN ANNUAL RE-
20 PORT.—The Secretary of Defense shall include in the re-
21 port to Congress required under section 115b(d) of this
22 title the following information related to the acquisition
23 workforce for the period covered by the report (which shall
24 be shown for the Department of Defense as a whole and

1 separately for the Army, Navy, Air Force, Marine Corps,
2 Defense Agencies, and Office of the Secretary of Defense):

3 “(1) The total number of persons serving in the
4 Acquisition Corps, set forth separately for members
5 of the Armed Forces and civilian employees, by
6 grade level and by functional specialty.

7 “(2) The total number of critical acquisition po-
8 sitions held, set forth separately for members of the
9 armed forces and civilian employees, by grade level
10 and by other appropriate categories (including by
11 program manager, deputy program manager, and di-
12 vision head positions). For each such category, the
13 report shall specify the number of civilians holding
14 such positions compared to the total number of posi-
15 tions filled.

16 “(3) The number of employees to whom the re-
17 quirements of subsections (b)(2)(A) and (b)(2)(B) of
18 section 1732 of this title did not apply because of
19 the exceptions provided in paragraphs (1) and (2) of
20 section 1732(c) of this title, set forth separately by
21 type of exception.

22 “(4) The number of program managers and
23 deputy program managers who were reassigned after
24 completion of a major milestone occurring closest in
25 time to the date on which the person has served in

1 the position for four years (as required under section
2 1734(b) of this title), and the proportion of those re-
3 assignments to the total number of reassignments of
4 program managers and deputy program managers,
5 set forth separately for program managers and dep-
6 uty program managers. The Secretary also shall in-
7 clude the average length of assignment served by
8 program managers and deputy program managers so
9 reassigned.

10 “(5) The number of persons, excluding those
11 reported under paragraph (4), in critical acquisition
12 positions who were reassigned after a period of three
13 years or longer (as required under section 1734(a)
14 of this title), and the proportion of those reassign-
15 ments to the total number of reassignments of per-
16 sons, excluding those reported under paragraph (4),
17 in critical acquisition positions.

18 “(6) The number of times a waiver authority
19 was exercised under section 1724(d), 1732(d),
20 1734(d), or 1736(c) of this title or any other provi-
21 sion of this chapter (or other provision of law) which
22 permits the waiver of any requirement relating to
23 the acquisition workforce, and in the case of each
24 such authority, the reasons for exercising the au-
25 thority. The Secretary may present the information

1 provided under this paragraph by category or group-
2 ing of types of waivers and reasons.”.

3 (2) CLERICAL AMENDMENT.—The table of sec-
4 tions at the beginning of subchapter II of chapter 87
5 of title 10, United States Code, is amended by in-
6 serting after the item relating to section 1722a the
7 following new item:

“1722b. Special requirements for civilian employees in the acquisition field.”.

8 (b) CAREER EDUCATION AND TRAINING.—Chapter
9 87 of title 10, United States Code, is amended in section
10 1723 by redesignating subsection (b) as (c) and inserting
11 after subsection (a) the following new subsection:

12 “(b) CAREER PATH REQUIREMENTS.—For each ca-
13 reer path, the Secretary of Defense, acting through the
14 Under Secretary of Defense for Acquisition, Technology,
15 and Logistics shall establish requirements for the comple-
16 tion of course work and related on-the-job training and
17 demonstration of qualifications in the critical acquisition-
18 related duties and tasks of the career path. The Secretary
19 of Defense, acting through the Under Secretary, shall
20 also—

21 “(1) encourage individuals in the acquisition
22 workforce to maintain the currency of their acquisi-
23 tion knowledge and generally enhance their knowl-
24 edge of related acquisition management disciplines

1 through academic programs and other self-develop-
2 mental activities; and

3 “(2) develop key work experiences for individ-
4 uals in the acquisition workforce so that the individ-
5 uals may gain in-depth knowledge and experience in
6 the acquisition process and become seasoned, well-
7 qualified members of the acquisition workforce.”.

8 **SEC. 205. RECERTIFICATION AND TRAINING REQUIRE-**
9 **MENTS.**

10 (a) CONTINUING EDUCATION.—Section 1723 of title
11 10, United States Code, as amended by section 204, is
12 further amended by amending subsection (a) to read as
13 follows:

14 “(a) QUALIFICATION REQUIREMENTS.—(1) The Sec-
15 retary of Defense shall establish education, training and
16 experience requirements for each acquisition position,
17 based on the level of complexity of duties carried out in
18 the position. In establishing such requirements, the Sec-
19 retary shall ensure the availability and sufficiency of train-
20 ing in all areas of acquisition, including additional training
21 courses with an emphasis on services contracting, informa-
22 tion technology, and rapid acquisition.

23 “(2) In establishing such requirements for positions
24 other than critical acquisition positions designated pursu-

1 ant to section 1733 of this title, the Secretary may state
2 the requirements by categories of positions.

3 “(3) The Secretary of Defense, acting through the
4 Under Secretary of Defense for Acquisition, Technology,
5 and Logistics, shall establish requirements for continuing
6 education and periodic renewal of an individual’s certifi-
7 cation. Any requirement for a certification renewal shall
8 not require a renewal more often than once every five
9 years.”.

10 (b) STANDARDS FOR TRAINING.—

11 (1) IN GENERAL.—Subchapter IV of Chapter
12 87 of title 10, United States Code, is amended by
13 adding at the end the following new section:

14 **“§ 1748. Guidance and standards for acquisition**
15 **workforce training**

16 “(a) FULFILLMENT STANDARDS.—The Secretary of
17 Defense, acting through the Under Secretary of Defense
18 for Acquisition, Technology, and Logistics, shall develop
19 fulfillment standards, and implement and maintain a pro-
20 gram, for purposes of the training requirements of sec-
21 tions 1723, 1724, and 1735 of this title. Such fulfillment
22 standards shall consist of criteria for determining whether
23 an individual has demonstrated competence in the areas
24 that would be taught in the training courses required
25 under those sections. If an individual meets the appro-

1 puate fulfillment standard, the applicable training re-
 2 quirement is fulfilled.

3 “(b) GUIDANCE AND STANDARDS RELATING TO CON-
 4 TRACTS FOR TRAINING.—The Secretary of Defense shall
 5 develop appropriate guidance and standards to ensure that
 6 the Department of Defense will continue, where appro-
 7 priate and cost-effective, to enter into contracts for the
 8 training requirements of sections 1723, 1724, and 1735
 9 of this title, while maintaining appropriate control over the
 10 content and quality of such training.”.

11 (2) CLERICAL AMENDMENT.—The table of sec-
 12 tions at the beginning of such subchapter is amend-
 13 ed by adding at the end the following new item:

“1748. Guidance and standards for acquisition workforce training.”.

14 (3) DEADLINE FOR FULFILLMENT STAND-
 15 ARDS.—The fulfillment standards required under
 16 section 1748(a) of title 10, United States Code, as
 17 added by paragraph (1), shall be developed not later
 18 than 90 days after the date of the enactment of this
 19 Act.

20 (4) CONFORMING REPEAL.—Section 853 of
 21 Public Law 105–85 (111 Stat. 1851) is repealed.

22 **SEC. 206. INFORMATION TECHNOLOGY ACQUISITION**
 23 **WORKFORCE.**

24 (a) IN GENERAL.—

1 (1) INFORMATION TECHNOLOGY.—Subchapter
2 II of chapter 87 of title 10, United States Code, is
3 amended by adding at the end the following new sec-
4 tion:

5 **“§ 1725. Information technology acquisition positions**

6 “(a) PLAN REQUIRED.—The Secretary of Defense
7 shall develop and carry out a plan to strengthen the part
8 of the acquisition workforce that specializes in information
9 technology. The plan shall include the following:

10 “(1) Defined targets for billets devoted to infor-
11 mation technology acquisition.

12 “(2) Specific certification requirements for indi-
13 viduals in the acquisition workforce who specialize in
14 information technology acquisition.

15 “(3) Defined career paths for individuals in the
16 acquisition workforce who specialize in information
17 technology acquisitions.

18 “(b) DEFINITIONS.—In this section:

19 “(1) The term ‘information technology’ has the
20 meaning provided such term in section 11101 of title
21 40 and includes information technology incorporated
22 into a major weapon system.

23 “(2) The term ‘major weapon system’ has the
24 meaning provided such term in section 2379(f) of
25 this title.”.

1 (2) CLERICAL AMENDMENT.—The table of sec-
 2 tions at the beginning of such subchapter is amend-
 3 ed by adding at the end the following new item:

“1725. Information technology acquisition positions.”.

4 (b) DEADLINE.—The Secretary of Defense shall de-
 5 velop the plan required under section 1725 of title 10,
 6 United States Code, as added by subsection (a), not later
 7 than 180 days after the date of the enactment of this Act.

8 **SEC. 207. DEFINITION OF ACQUISITION WORKFORCE.**

9 Section 101(a) of title 10, United States Code, is
 10 amended by inserting after paragraph (17) the following
 11 new paragraph:

12 “(18) The term ‘acquisition workforce’ means
 13 the persons serving in acquisition positions within
 14 the Department of Defense, as designated pursuant
 15 to section 1721(a) of this title.”.

16 **TITLE III—FINANCIAL**
 17 **MANAGEMENT**

18 **SEC. 301. INCENTIVES FOR ACHIEVING AUDITABILITY.**

19 (a) PREFERENTIAL TREATMENT AUTHORIZED.—The
 20 Under Secretary of Defense (Comptroller) shall ensure
 21 that any component of the Department of Defense that
 22 the Under Secretary determines has financial statements
 23 validated as ready for audit earlier than September 30,
 24 2017, shall receive preferential treatment, as the Under
 25 Secretary determines appropriate—

1 (1) in financial matter matters, including—

2 (A) consistent with the need to fund ur-
3 gent warfighter requirements and operational
4 needs, priority in the release of appropriated
5 funds to such component;

6 (B) relief from the frequency of financial
7 reporting of such component in cases in which
8 such reporting is not required by law;

9 (C) relief from departmental obligation and
10 expenditure thresholds to the extent that such
11 thresholds establish requirements more restric-
12 tive than those required by law; or

13 (D) such other measures as the Under
14 Secretary considers appropriate; and

15 (2) in the availability of personnel management
16 incentives, including—

17 (A) the size of the bonus pool available to
18 the financial and business management work-
19 force of the component;

20 (B) the rates of promotion within the fi-
21 nancial and business management workforce of
22 the component;

23 (C) awards for excellence in financial and
24 business management; or

1 (D) the scope of work assigned to the fi-
2 nancial and business management workforce of
3 the component.

4 (b) INCLUSION OF INFORMATION IN REPORT.—The
5 Under Secretary shall include information on any measure
6 initiated pursuant to this section in the next semiannual
7 report pursuant to section 1003(b) of the National De-
8 fense Authorization Act for Fiscal Year 2010 (Public Law
9 111–84; 123 Stat. 2439; 10 U.S.C. 2222 note) after such
10 measure is initiated.

11 (c) EXPIRATION.—This section shall expire on Sep-
12 tember 30, 2017.

13 (d) DEFINITION.—In this section, the term “compo-
14 nent of the Department of Defense” means any organiza-
15 tion within the Department of Defense that is required
16 to submit an auditable financial statement to the Sec-
17 retary of Defense.

18 **SEC. 302. MEASURES REQUIRED AFTER FAILURE TO**
19 **ACHIEVE AUDITABILITY.**

20 (a) IN GENERAL.—The Secretary of Defense shall
21 ensure that corrective measures are immediately taken to
22 address the failure of a component of the Department of
23 Defense to achieve a financial statement validated as
24 ready for audit by September 30, 2017.

1 (b) MEASURES REQUIRED.—Not later than 180 days
2 after the date of the enactment of this Act, the Secretary
3 shall develop and issue guidance detailing measures to be
4 taken in accordance with subsection (a). Such measures
5 shall include—

6 (1) the development of a remediation plan to
7 ensure the component can achieve a financial state-
8 ment validated as ready for audit within one year;

9 (2) additional reporting requirements that may
10 be necessary to mitigate financial risk to the compo-
11 nent;

12 (3) delaying the release of appropriated funds
13 to such component, consistent with the need to fund
14 urgent warfighter requirements and operational
15 needs, until such time as the Secretary is assured
16 that the component will achieve a financial state-
17 ment validated as ready for audit within one year;

18 (4) specific consequences for key personnel in
19 order to ensure accountability within the leadership
20 of the component; and

21 (5) such other measures as the Secretary con-
22 siders appropriate.

23 (c) DEFINITION.—The term “component” of the De-
24 partment of Defense means any organization within the

1 Department of Defense that is required to submit an
2 auditable financial statement to the Secretary of Defense.

3 **SEC. 303. REVIEW OF OBLIGATION AND EXPENDITURE**
4 **THRESHOLDS.**

5 (a) SENSE OF CONGRESS.—It is the sense of Con-
6 gress that—

7 (1) Department of Defense program managers
8 should be encouraged to place a higher priority on
9 seeking the best value for the Government than on
10 meeting arbitrary benchmarks for spending; and

11 (2) actions to carry out paragraph (1) should
12 be supported by the Department's leadership at
13 every level.

14 (b) POLICY REVIEW.—Not later than 180 days after
15 the date of the enactment of this Act, the Chief Manage-
16 ment Officer of the Department of Defense, in coordina-
17 tion with the Chief Management Officer of each military
18 department, shall review and update as necessary all rel-
19 evant policy and instruction regarding obligation and ex-
20 penditure benchmarks to ensure that such guidance does
21 not inadvertantly prevent achieving the best value for the
22 Government in the obligation and expenditure of funds.

23 (c) GUIDANCE.—Not later than one year after the
24 date of the enactment of this Act, the Chief Management
25 Officer, in coordination with the Chief Management Offi-

cer of each military department, the Director of the Office of Performance Assessment and Root Cause Analysis, the Under Secretary of Defense (Comptroller), and the Comptrollers of the military departments, should conduct a comprehensive review of the use and value of obligation and expenditure benchmarks and propose new benchmarks or processes for tracking financial performance, including, as appropriate—

(1) increased reliance on individual obligation and expenditure plans for measuring program financial performance;

(2) mechanisms to improve funding stability and to increase the predictability of the release of funding for obligation and expenditure; and

(3) streamlined mechanisms for a program manager to submit an appeal for funding changes and to have such appeal evaluated promptly.

(d) TRAINING.—The Under Secretary of Defense for Acquisition, Technology, and Logistics and the Under Secretary of Defense (Comptroller) shall ensure that as part of the training required for program managers and business managers, an emphasis is placed on obligating and expending appropriated funds in a manner that achieves the best value for the Government and that the purpose

1 and limitations of obligation and expenditure benchmarks
2 is made clear.

3 **TITLE IV—INDUSTRIAL BASE**

4 **SEC. 401. EXPANSION OF THE INDUSTRIAL BASE.**

5 (a) PROGRAM TO EXPAND INDUSTRIAL BASE RE-
6 QUIRED.—The Secretary of Defense shall establish a pro-
7 gram to expand the industrial base of the Department of
8 Defense to increase the Department’s access to innovation
9 and the benefits of competition.

10 (b) IDENTIFYING AND COMMUNICATING WITH NON-
11 TRADITIONAL SUPPLIERS.—The program established
12 under subsection (a) shall use tools and resources available
13 within the Federal Government and available from the pri-
14 vate sector, to provide a capability for identifying and
15 communicating with nontraditional suppliers, including
16 commercial firms and firms of all business sizes, that are
17 engaged in markets of importance to the Department of
18 Defense.

19 (c) INDUSTRIAL BASE REVIEW.—The program re-
20 quired by subsection (a) shall include a continuous effort
21 to review the industrial base supporting the Department
22 of Defense, including the identification of markets of im-
23 portance to the Department of Defense.

24 (d) DEFINITION.—In this section:

1 (1) NONTRADITIONAL SUPPLIERS.—The term
2 “nontraditional suppliers” means firms that have re-
3 ceived contracts from the Department of Defense
4 with a total value of not more than \$100,000 in the
5 previous 5 years.

6 (2) MARKETS OF IMPORTANCE TO THE DE-
7 PARTMENT OF DEFENSE.—The term “markets of
8 importance to the Department of Defense” means
9 industrial sectors in which the Department of De-
10 fense spends more than \$500,000,000 annually.

11 **SEC. 402. COMMERCIAL PRICING ANALYSIS.**

12 Section 803(c) of the Strom Thurmond National De-
13 fense Authorization Act for Fiscal Year 1999 Public Law
14 105–261; 10 U.S.C. 2306a note) is amended to read as
15 follows:

16 “(c) COMMERCIAL PRICE TREND ANALYSIS.—

17 “(1) The Secretary of Defense shall develop and
18 implement procedures that, to the maximum extent
19 practicable, provide for the collection and analysis of
20 information on price trends for categories of exempt
21 commercial items described in paragraph (2).

22 “(2) A category of exempt commercial items re-
23 ferred to in paragraph (1) consists of exempt com-
24 mercial items that are in a single Federal Supply
25 Group or Federal Supply Class, are provided by a

1 single contractor, or are otherwise logically grouped
2 for the purpose of analyzing information on price
3 trends.

4 “(3) The analysis of information on price
5 trends under paragraph (1) shall include, in any cat-
6 egory in which significant escalation in prices is
7 identified, a more detailed examination of the causes
8 of escalation for such prices within the category and
9 whether such price escalation is consistent across the
10 Department of Defense.

11 “(4) The head of a Department of Defense
12 agency or the Secretary of a military department
13 shall take appropriate action to address any unjusti-
14 fied escalation in prices being paid for items pro-
15 cured by that agency or military department as iden-
16 tified in an analysis conducted pursuant to para-
17 graph (1).

18 “(5) Not later than April 1 of each of year, the
19 Secretary of Defense shall submit to the Committee
20 on Armed Services of the Senate and the Committee
21 on Armed Services of the House of Representatives
22 a report on the analyses of price trends that were
23 conducted for categories of exempt commercial items
24 during the preceding fiscal year under the proce-
25 dures prescribed pursuant to paragraph (1). The re-

1 port shall include a description of the actions taken
 2 to identify and address any unjustified price esca-
 3 lation for the categories of items.

4 “(6) TERMINATION.—This subsection shall not
 5 be in effect on and after April 1, 2013.”.

6 **SEC. 403. CONTRACTOR AND GRANTEE DISCLOSURE OF DE-**
 7 **LINQUENT FEDERAL TAX DEBTS.**

8 (a) REQUIREMENT.—

9 (1) IN GENERAL.—Chapter 37 of title 31,
 10 United States Code, is amended by adding at the
 11 end of subchapter II the following new section:

12 **“§ 3720F. Contractor and grantee disclosure of delin-**
 13 **quent Federal tax debts**

14 “(a) REQUIREMENT RELATING TO CONTRACTS.—
 15 The head of any executive agency that issues an invitation
 16 for bids or a request for proposals for a contract in an
 17 amount greater than the simplified acquisition threshold
 18 shall require each person that submits a bid or proposal
 19 to submit with the bid or proposal a form—

20 “(1) certifying that the person does not have a
 21 seriously delinquent tax debt; and

22 “(2) authorizing the Secretary of the Treasury
 23 to disclose to the head of the agency information
 24 strictly limited to verifying whether the person has
 25 a seriously delinquent tax debt.

1 “(b) REQUIREMENT RELATING TO GRANTS.—The
2 head of any executive agency that offers a grant in excess
3 of an amount equal to the simplified acquisition threshold
4 may not award such grant to any person unless such per-
5 son submits with the application for such grant a form—

6 “(1) certifying that the person does not have a
7 seriously delinquent tax debt; and

8 “(2) authorizing the Secretary of the Treasury
9 to disclose to the head of the executive agency infor-
10 mation strictly limited to verifying whether the per-
11 son has a seriously delinquent tax debt.

12 “(c) FORM FOR RELEASE OF INFORMATION.—The
13 Secretary of the Treasury shall make available to all exec-
14 utive agencies a standard form for the certification and
15 authorization described in subsections (a) and (b).

16 “(d) DEFINITIONS.—In this section:

17 “(1) CONTRACT.—The term ‘contract’ means a
18 binding agreement entered into by an executive
19 agency for the purpose of obtaining property or serv-
20 ices, but does not include—

21 “(A) a contract for property or services
22 that is intended to be entered into through the
23 use of procedures other than competitive proce-
24 dures by reason of section 2304(c)(2) of this
25 title; or

1 “(B) a contract designated by the head of
2 the agency as necessary to the national security
3 of the United States.

4 “(2) EXECUTIVE AGENCY.—The term ‘executive
5 agency’ has the meaning given that term in section
6 4(1) of the Office of Federal Procurement Policy
7 Act (41 U.S.C. 403(1)).

8 “(3) PERSON.—The term ‘person’ includes—

9 “(A) an individual;

10 “(B) a partnership;

11 “(C) a corporation; and

12 “(D) a joint venture.

13 “(4) SERIOUSLY DELINQUENT TAX DEBT.—The
14 term ‘seriously delinquent tax debt’ means any Fed-
15 eral tax liability—

16 “(A) that exceeds \$3,000;

17 “(B) that has been assessed by the Sec-
18 retary of the Treasury;

19 “(C) with respect to which all judicial and
20 administrative remedies have been exhausted, or
21 have lapsed; and

22 “(D) with respect to which levy may be
23 made by such Secretary under section 6331 of
24 the Internal Revenue Code of 1986.

1 “(5) SIMPLIFIED ACQUISITION THRESHOLD.—

2 The term ‘simplified acquisition threshold’ has the
3 meaning given that term in section 4(11) of the Of-
4 fice of Federal Procurement Policy Act (41 U.S.C.
5 403(11)).

6 “(e) SPECIAL RULES RELATING TO PARTNERS AND
7 SHAREHOLDERS.—For purposes of this section—

8 “(1) a partnership shall be treated as a person
9 with a seriously delinquent tax debt if such partner-
10 ship has a partner—

11 “(A) who holds an ownership interest of 50
12 percent or more in that partnership; and

13 “(B) who has a seriously delinquent tax
14 debt; and

15 “(2) a corporation shall be treated as a person
16 with a seriously delinquent tax debt if—

17 “(A) another corporation or a joint venture
18 holds 50 percent or more of the outstanding
19 shares of corporate stock in that corporation
20 and the other corporation or joint venture has
21 a seriously delinquent tax debt; or

22 “(B) another corporation or joint venture
23 holds a controlling interest that is less than 50
24 percent of the outstanding shares of corporate
25 stock in that corporation and the other corpora-

1 tion or joint venture has a seriously delinquent
2 tax debt.”.

3 (2) CLERICAL AMENDMENT.—The table of sec-
4 tions at the beginning of chapter 37 of such title is
5 amended by adding after the item relating to section
6 3720E the following new item:

“3720F. Contractor and grantee disclosure of delinquent Federal tax debts.”.

7 (b) REVISION OF FAR.—Not later than 270 days
8 after the date of enactment of this section, the Federal
9 Acquisition Regulation shall be revised to incorporate the
10 requirements of section 3720F of title 31, United States
11 Code, as added by this section.

12 **SEC. 404. INDEPENDENCE OF CONTRACTOR BUSINESS SYS-**
13 **TEM REVIEWS; RISK-BASED REVIEWS.**

14 (a) IN GENERAL.—

15 (1) AMENDMENT.—Chapter 131 of title 10,
16 United States Code, is amended by inserting after
17 section 2222 the following new section:

18 **“§ 2222a. Criteria for business system reviews**

19 “(a) CRITERIA FOR BUSINESS SYSTEM REVIEWS.—
20 The Secretary of Defense shall ensure that any contractor
21 business system review carried out by a military depart-
22 ment, a Defense Agency, or a Department of Defense
23 Field Activity—

1 “(1) complies with generally accepted govern-
 2 ment auditing standards issued by the Comptroller
 3 General;

4 “(2) is performed by an audit team that does
 5 not engage in any other official activity (audit-re-
 6 lated or otherwise) involving the contractor con-
 7 cerned; and

8 “(3) is performed in a time and manner con-
 9 sistent with a documented assessment of the risk to
 10 the Federal Government.

11 “(b) CONTRACTOR BUSINESS SYSTEM REVIEW DE-
 12 FINED.—In this section, the term ‘contractor business sys-
 13 tem review’ means an audit of policies, procedures, and
 14 internal controls relating to accounting and management
 15 systems of a contractor.”.

16 (2) CLERICAL AMENDMENT.—The table of sec-
 17 tions at the beginning of such chapter is amended
 18 by inserting after the item relating to section 2222
 19 the following new item:

“2222a. Criteria for business system reviews.”.

20 (b) EFFECTIVE DATE.—Section 2222a of title 10,
 21 United States Code, as added by subsection (a), shall take
 22 effect 180 days after the date of the enactment of this
 23 Act.

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